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KIAWAH ISLAND UTILITY, INC.

DOCKET NO. 2001-164-W/S

PRE-FILED TESTIMONY OF GARY C. WHITE

BEFORE THE SOUTH CAROLINA PUBLIC SERVICE COMMISSION

Testimony Prepared: February 20, 2002

Hearing Date: March 13, 2002

THIS TESTIMONY IS FILED PURSUANT TO PSC ORDER DATED JANUARY 15, 2002. THE APPLICANT RESERVES THE RIGHT TO SUPPLEMENT THIS TESTIMONY AND TO PROVIDE REPLY TESTIMONY TO THE TESTIMONY THAT WILL BE PRE-FILED BY THE COMMISSION STAFF AND INTERVENORS.

**MR. WALKER:** Please state your name and business address

**MR. WHITE:** Gary C. White, 3 Sleepy Hollow Drive, Clifton Park, New York.

**MR. WALKER:** What is your occupation?

**MR. WHITE:** I am the Director of Accounting with Guastella Associates, Inc., a firm which provides utility consulting services primarily for municipal and investor-owned water and wastewater utilities.

**MR. WALKER:** Please state your educational background and professional experience.

**MR. WHITE:** I received a Bachelor of Science degree in Business Administration from Valparaiso University in 1972. I graduated with an Accounting major and a Finance minor. I have also completed a course in utility regulation sponsored by the National Association of Regulatory Commissioners (NARUC), the Florida Public Service Commission, and the University of Utah.

I was employed in the unregulated, private industry sector between 1972 and 1984 with responsibilities in various areas of business management, accounting and finance.

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Since 1984, my experience has been concentrated in the areas of management, valuation, and rate setting for water and sewer utilities. During this period, I was responsible for the rate regulation department of General Development Utilities, Inc. which was the largest investor-owned water and sewer utility in Florida. I was subsequently employed as the General Manager of Country Knolls Water Works an investor-owned utility in upstate New York. I managed all of the utilities' regulatory, accounting and operations activities on a day-to-day basis. I began my employment with Guastella Associates in 1992.

My experience in utility matters includes the preparation of cost of service and revenue requirement analyses for both private and municipal utilities. I have prepared cost allocation, connection charge, and rate design studies; revenue requirement forecasts; population growth and system capacity projections; market value analyses and various operations and management evaluations. I have provided rate, regulatory and system valuation services for clients in California, Connecticut, Florida, Illinois, Indiana, Maine, Maryland, Massachusetts, Montana, New Jersey, New York, Pennsylvania, Rhode Island, and South Carolina. I have served as an instructor at a seminar for developer related water and sewer utilities, sponsored by Florida State University and at an utility rate seminar conducted by the New England Chapter of the National Association of Water Companies.

**MR. WALKER:** How long have you practiced in the area of utility management and rate regulation?

**MR. WHITE:** I have been involved in the utility industry for seventeen years.

**MR. WALKER:** Are you a member of any professional associations?

**MR. WHITE:** I am a member of the American Water Works Association.

**MR. WALKER:** Before what regulatory agencies and municipal jurisdictions have you presented expert testimony?

**MR. WHITE:** I have testified as an expert witness in regulatory hearings in Connecticut, Florida, New Jersey, and New York.

**MR. WALKER:** Briefly describe the nature of your assignment in this matter?

**MR. WHITE:** Guastella Associates was retained as consultants to Kiawah Island Utilities, Inc. My assignment was to examine the books, records, and financial statements of the utility, and coordinate my work with that of John F. Guastella to prepare an analysis of the Company's revenue requirement for both its water and sewer operations.

Mr. Guastella and I met with the Company in July, 2001 and toured the water and sewer facilities. During our visit, I compiled and identified the financial and operating records necessary to prepare the rate filing schedules and work papers. I was later provided and review the past Public Service Commission Orders, billing and flow records, system maps, wage and management fee information, maintenance forecasts, tariff pages, and miscellaneous correspondence as requested.

Then under the supervision of John F. Guastella, I prepared the rate filing schedules, work papers, and proposed tariff pages that accompany the Company's application to adjust the rates and charges for water and sewer service.

Throughout the process of preparing the rate study, which supports the Company's application for a rate increase, I have worked closely with the Company's management and employees to assure the application accurately depicts the Company's financial position and contains the information necessary to establish its cost of providing service.

THIS ENDS MY DIRECT TESTIMONY